

Michigan's 21st Century Economy



House New Economy and Quality of Life
Committee Presentation
Honorable Rep. Ed Clemente, Chair
February 15, 2007

Mission Statement



The Michigan Economic Development Corporation, a partnership between state and local communities, promotes smart economic development growth by developing strategies and providing services to create and retain good jobs and a high quality of life

What is the MEDC?



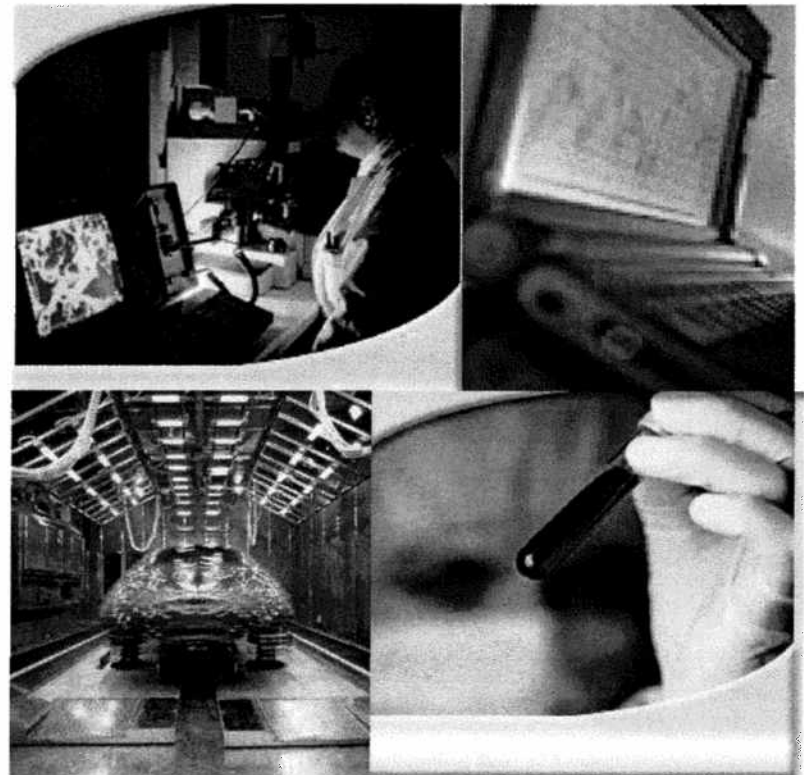
- Created in April 1999 by an Interlocal Agreement.
- Partnership between the Michigan Strategic Fund for the State and local/regional economic development agencies.
- Designed to promote proactive economic development programs and encourage intergovernmental cooperation in Michigan.
 - 61 local economic development partners, 63 corporate partners, 20-member Executive Committee.
 - Result: an innovative, acclaimed, award-winning model duplicated by other states.

Building the 21st Century Economy



Helping to build an economic environment that is:

- Diverse in industries and jobs
- A destination for research and development expertise
- Encourages and embraces collaboration
- Is vibrant, dynamic and entrepreneurial



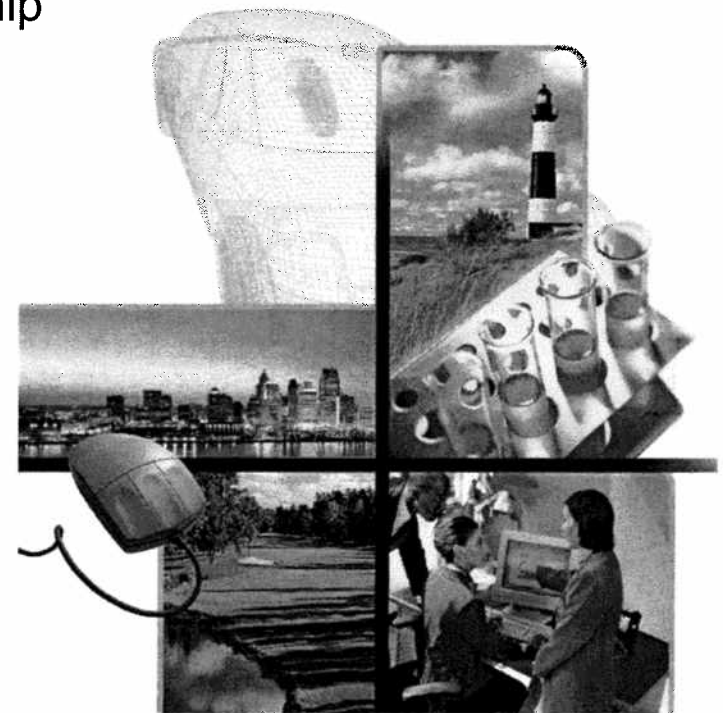
Strong History/ New Demands



- Michigan has a strong history of entrepreneurship
- 20th century manufacturing pioneers
- Economy changing to more knowledge-based

And we are starting out in a good spot...

- #2 nationally for generation of new ideas and patents coming out of our public universities
- Michigan ranks 4th in the U.S. in patent filings
- 4th largest high-tech workforce in the nation
- Produce more engineers than 47 other states



Innovative Programs



- SmartZones
- NextEnergy
- Early Stage Capital
- 21st Century Jobs Fund

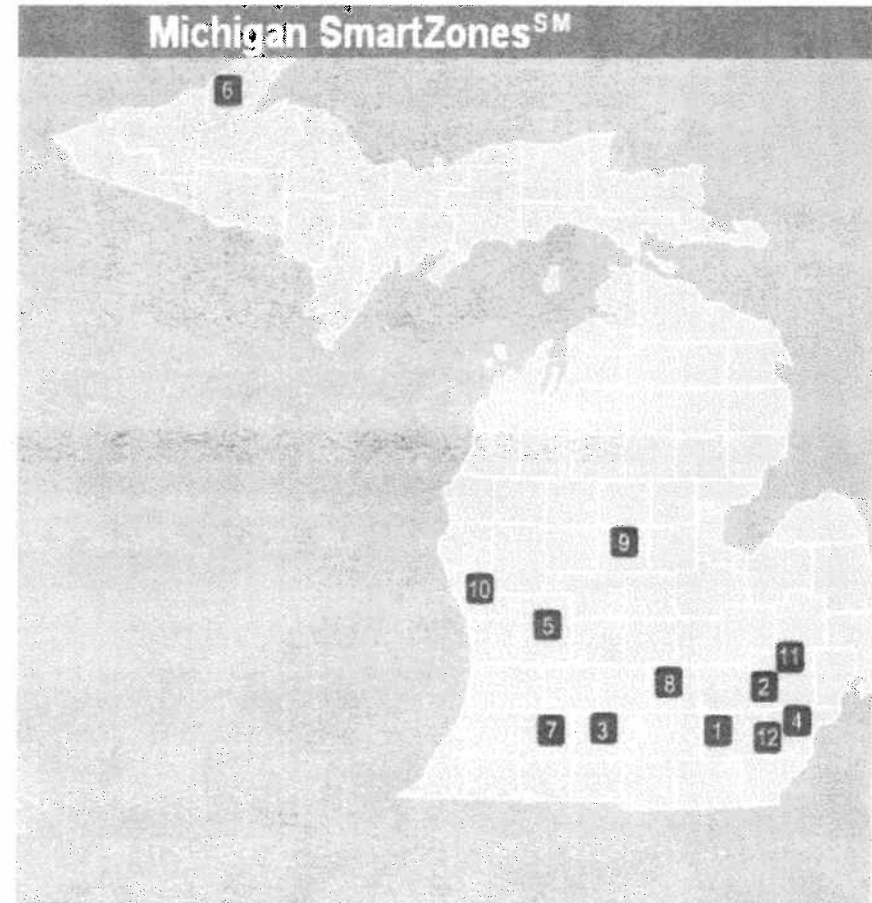


SmartZonesSM



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- 12 high-tech clusters of innovation & technology
- Wet-lab facilities & incubator space
- Technology business accelerators offering entrepreneurial support
- Each connected to a public university





Compelling Results

- New company locations: 549
- Businesses serviced: 592
- Jobs created/retained: 11,860
- Private Investments: \$475.8 m



NextEnergy



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Positions Michigan as the world's leading center for alternative energy technology, R&D, education and manufacturing

- Business Accelerator
- Tax-free “cash back” zone
- Statewide SBT and personal property tax exemption



Early Stage Capital



- **21st Century Investment Fund**

Initial investment of \$109 million in private equity, mezzanine and venture capital funds who will invest in Michigan companies.

- **Venture Michigan Fund**

\$95 million, backed by state tax vouchers, investing in Michigan early stage venture capital funds who will invest in tech companies.

- **Angel Networks**

High net worth individuals investing in young start-up companies.

- **Pre-Seed Funds**

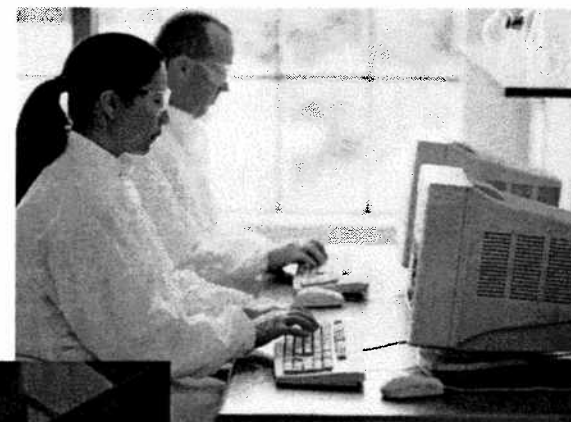
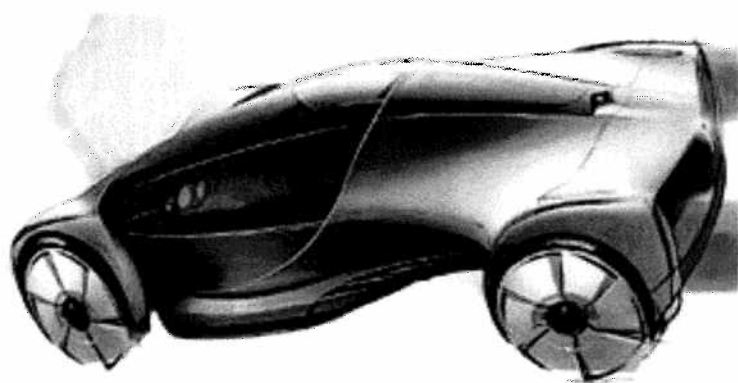
SmartZone and University-based funds investing in companies to prove technologies and attract Angel/VC investment.

Michigan's 21st Century Jobs Fund



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A \$2.0 billion, long-term focus on growing and diversifying our economy with emphasis on developing competitive edge technologies



21st Century Jobs Fund



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"Jump start the economy now and diversify and grow our economy for the future"

- Increase Capital Investment
- Increase Commercial Lending Activity
- Encourage the Development and Commercialization of Competitive Edge Technologies



21st Century Jobs Fund



- **Increase Commercial Lending**

- Small Business Capital Access Program: similar to loan loss reserve fund; the bank, company and MSF pay a small premium into a reserve that makes it possible for the company to receive fixed asset and working capital financing.

- From April – December, 2006:

- 399 loans to Small Businesses
 - Avg. size loan was \$52,000
 - \$21.0 million in total loans



- Other Commercial Lending/Loan Enhancement Programs

21st Century Jobs Fund



- **Commercialization of Competitive Edge Technologies**
 - Competition for 1st round of funding completed.
 - 505 full proposals received requesting over \$1.1B.
 - Independent Peer Review process was completed on 179 finalists.
 - 85 “highly recommended” projects identified and funded with \$137 million.

Q & A



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